



OFFICE OF ILLINOIS STATE TREASURER

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Treasurer Frerichs Reacts to Governor's Delayed Decision To Refinance Debt that Carried up to 12 Percent Interest

SPRINGFIELD – Illinois State Treasurer Michael Frerichs today applauded Gov. Rauner's decision to finally agree to refinance debt that carried a staggering 12 percent interest rate.

"Gov. Rauner finally made a good decision. It is frustrating to know that his delay likely cost taxpayers \$62 million in interest payments," Frerichs said.

Illinois' \$15 billion bill backlog borrows money from unwilling lenders because it does not pay vendors. These unpaid bills accrue interest rates as high as 12 percent. The interest payments alone equate to \$2 million each day.

Gov. Rauner's decision to refinance current debt is possible because Democrats and Republicans in July came together to override the Governor's budget veto. In doing so, lawmakers authorized Gov. Rauner to refinance debt incurred prior to July 1, 2017.

"Willing lenders will gladly refinance this debt at interest rates far below 12 percent," Frerichs said. "This decision is long overdue."

About the Illinois Treasurer

The Illinois Treasurer is the state's chief investment officer and Frerichs is a Certified Public Finance Officer. He protects consumers by encouraging savings plans for college or trade school, increasing financial education among all ages, and removing barriers to a secure retirement. As the state's Chief Investment Officer, he actively manages approximately \$25 billion. The portfolio includes \$13 billion in state funds, \$7 billion in college savings plans and \$5 billion on behalf of local and state governments. The investment approach is cautious to ensure the preservation of capital and returns \$28 to the state for every \$1 spent in operations. The Treasurer's Office predates Illinois incorporation in 1818. Voters in 1848 chose to make it an elected office.

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